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## BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUN 19 1998

DOCKETED BY

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JIM IRVIN  
Commissioner-Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

## In the matter of:

RONALD H. WEINER dba RON WEINER  
ASSOCIATES  
11198 North 129th Way  
Scottsdale, AZ 85259  
CRD #2039529

DOUGLAS DEAN SACKETT  
1040 W. Oregon Ave.  
Klamath Falls, OR 97601  
CRD #1006917

Respondents.

DOCKET NO. S:3047A-97-0000

DECISION NO. 60956

ORDER DENYING APPLICATION FOR  
SECURITIES SALESMAN REGISTRATION  
AND

FOR OTHER RELIEF  
AND CONSENT TO SAME

RE: RONALD H. WEINER

## I.

Respondent RONALD H. WEINER ("WEINER") individually and doing business as RON WEINER ASSOCIATES ("RWA") elects to permanently waive his right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona (the "Act") with respect to this Order Denying Application for Securities Salesman Registration and for Other Relief ("Order"); admits the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commission.

## II.

## FINDINGS OF FACT

1. Respondent WEINER, whose last known address is 10250 East Mountain View #101, Scottsdale, Arizona 85258, was at all relevant times a resident of Arizona and self-employed, operating as RWA, a sole-proprietorship, located at 3333 E. Camelback Road, Suite 250, Scottsdale, Arizona 85018. WEINER was a registered securities salesman, CRD #2039529, in the state of

1 Arizona from May 1, 1990, until March 4, 1993, with Securities America, Inc. WEINER's registration  
2 was inactive after March 4, 1993, and expired on December 31, 1993, pursuant to A.R.S. § 44-  
3 1947(B). On September 30, 1997, WEINER filed an application to be registered as a securities  
4 salesman in Arizona through MetLife Securities Inc.

5 2. Between approximately October 1991 and February 1993, WEINER, acting as partners  
6 with Respondent DOUGLAS DEAN SACKETT ("SACKETT"), through RWA, issued securities in  
7 the form of fractional undivided interests in oil and gas mineral rights in wells developed by Big Horn  
8 Oil Company ("Big Horn") located in Oklahoma.

9 3. WEINER and SACKETT, through RWA, purchased the oil and gas interests from Big  
10 Horn at a volume discount price based on a sliding scale, after obtaining commitments from investors  
11 for the purchase of those interests.

12 4. In addition to a 15% fee to be paid out of operating revenues, WEINER and SACKETT  
13 marked up the price of fractional interests in several wells to include profit and expenses for  
14 Respondents, resold these interests to investors, and split the mark-up profit between them. For  
15 instance, in one of the well programs, called Top Gun No. 1, RWA purchased interests from Big Horn  
16 for \$3,750.00 per 1/64th unit and resold the units to investors for \$5,750.00 per 1/64th unit.

17 5. WEINER and SACKETT promoted the investments as "Ron Weiner Associates' oil  
18 and gas drilling and completion programs."

19 6. WEINER prepared offering documents summarizing certain aspects of the investment  
20 programs and distributed them to some investors prior to the sale of the interests. The offering  
21 documents described monthly distributions of income and profits, and showing a track record of  
22 "successful" wells. WEINER told investors that certain wells were relatively low risk; that the  
23 investment had the potential to return 100% of invested capital in 12 months and to return three to four  
24 times the invested capital over the life of the project; and that there would be a long-term income  
25 stream of six to ten years.  
26

1           7       Between approximately October 1991 and February 1993, WEINER directly or  
2 indirectly, offered and sold securities within or from Arizona in the form of interests in oil and gas  
3 wells operated by Big Horn. WEINER sold these securities without the knowledge or authorization of  
4 his employing securities dealer, Securities America, Inc., and the securities transaction were not  
5 recorded on the books of the Securities America, Inc.

6           8.       In connection with the offer or sale of securities described above, WEINER/RWA directly  
7 or indirectly made untrue statements of material fact and omitted to state material facts which were  
8 necessary in order to make the statements made not misleading in light of the circumstances under which  
9 they were made, and engaged in transactions, practices or courses of business which operated or would  
10 operate as a fraud or deceit upon offerees and investors, in violation of A.R.S. § 44-1991, including but  
11 not limited to the following.

- 12                   a.       Misrepresenting that WEINER/RWA had placed prior investors in oil  
13 and gas investment projects in which investors had profited, and failing  
14 to disclose that WEINER/RWA had no prior experience in organizing  
15 and managing oil and gas investment projects;
- 16                   b.       Failing to disclose that WEINER/RWA charged investors an undisclosed  
17 profit through a mark-up of the price of the units over the amount  
18 charged to WEINER/RWA by Big Horn;
- 19                   c.       Failing to disclose WEINER's past experience as an investor in Big  
20 Horn oil and gas projects and the operational problems encountered and  
21 the lack of profits earned on those investments;
- 22                   d.       Failing to provide any information regarding the financial condition of  
23 WEINER/RWA and/or Big Horn;
- 24                   e.       Failing to disclose the prior business experience of WEINER/RWA;
- 25                   f.       Failing to disclose the specific purposes for which investor funds were to  
26 be used;

- g. Failing to disclose that WEINER/RWA was not registered with the Division as a securities dealer and that WEINER was selling these securities without the authorization of his registered dealer

### III.

#### CONCLUSIONS OF LAW

1 The Commission has jurisdiction over this matter pursuant to the Act, A.R.S. § 44-1801 et  
2 seq., and to Article XV of the Arizona Constitution.

3 From about October 1991 to February 1993, WEINER offered and sold securities in the  
4 form of fractional undivided interests in oil or gas mineral rights or investment contracts, within or  
5 from the State of Arizona.

6 The securities referred to above were not registered under A.R.S. §§ 44-1871 through  
7 44-1875; 44-1891 through 44-1990 or 44-1902; were not exempt securities under A.R.S. § 44-1843 or  
8 § 44-1843 01; were not offered or sold in exempt transactions under A.R.S. § 44-1844 and were not  
9 securities exempt under any rule or order promulgated by the Commission.

10 The conduct above violates A.R.S. § 44-1841.

11 In offering and selling the securities, WEINER/RWA violated A.R.S. § 44-1842 by acting  
12 as a dealer without being registered in Arizona under Article 9 of the Act.

13 In connection with the offer and sale of the securities described above, WEINER/RWA  
14 directly or indirectly made untrue statements and misleading omissions of material fact, engaged in  
15 transactions, practices or courses of business which operated or would operate as a fraud or deceit upon  
16 offerees and investors within the meaning of A.R.S. § 44-1991 and in violation thereof.

17 These above-stated violations of the Act constitute grounds for denial of WEINER's  
18 registration as a securities salesman pursuant to A.R.S. § 44-1962(2). In addition, the above conduct  
19 demonstrates dishonest or unethical practices in the securities industry within the meaning of A.R.S. §  
20 44-1962(10) by effecting securities transactions that were not recorded on the records of the dealer  
21 with whom he was registered at the time of the transactions in violation of A.A.C. R14-4-130(A)(17).

## IV.

## ORDER

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2  
3 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission  
4 finds that the following Order is appropriate, in the public interest and necessary for the protection of  
5 investors:

6 IT IS ORDERED, pursuant to A.R.S. § 44-1962, that WEINER's application for registration as a  
7 securities salesman is hereby denied.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that WEINER, his agents, servants,  
9 employees, successors, assigns and those persons in active concert or participation with him CEASE  
10 AND DESIST from the following and any other violations of the Act:

11 1 Offering to sell or selling securities within or from the State of Arizona unless the  
12 securities are registered with the Commission pursuant to Article 6 or 7 of the Act:

13 2 Offering to sell or selling securities within or from the State of Arizona unless prior  
14 registration as a dealer or salesman is obtained under Article 9 of the Act:

15 3. Directly or indirectly making untrue statements of material fact and omitting to state  
16 material facts which are necessary in order to make the statements made not misleading in light of the  
17 circumstances under which they are made, and engaging in transactions, practices or courses of business  
18 which operate or would operate as a fraud or deceit upon offerees and investors in the offer to sell or  
19 sale of securities within or from the State of Arizona, all within the meaning of A.R.S. § 44-1991.

20 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that WEINER/RWA, jointly and  
21 severally with any other Respondent who may be so ordered to pay restitution by separate decision of the  
22 Commission in these matters, shall make monetary restitution in the amount of \$300,000 to investors, as  
23 set forth in the records obtained by the Securities Division. The \$300,000 may be paid in monthly  
24 installments in the form of cashier's checks, as follows:

25 1. \$1,000 upon entry of this Order:

26 2. \$1,000 per month on or before the 15<sup>th</sup> day of each month beginning July 15, 1998, for

1 a period of five months, through November 15, 1998;

2 3 \$500 per month on or before the 15<sup>th</sup> day of each month beginning December 15,  
3 1998, for a period of 38 months, through January 15, 2002.

4 4. Any unpaid balance shall be immediately due and payable on February 15, 2002.

5 Respondent WEINER shall pay interest on all unpaid amounts of restitution accruing from the  
6 date of entry of the Order, at the statutory rate of ten percent per annum pursuant to A.A.C. R14-4-308,  
7 until the amounts are paid in full.

8 Restitution funds shall be paid to the Arizona Attorney General and shall be deposited in a trust  
9 account with a federally insured financial institution. The Arizona Attorney General shall disburse the  
10 available funds on a pro rata basis to investors as reflected in the records of the Division. If any  
11 disbursement check issued by the Arizona Attorney General either is not deliverable or has not cleared the  
12 trust account within 120 days of the date of issuance, the funds related to such check shall be redistributed  
13 to the known investors. If all investors are paid in full, any returned funds shall revert to the State of  
14 Arizona payable to the Treasurer.

15 IT IS FURTHER ORDERED, that WEINER shall have a ten day grace period in which to make  
16 any payment due under this Order. Failure to make a payment within the grace period shall be deemed a  
17 default, and all amounts shall become immediately due and payable.

18 IT IS FURTHER ORDERED, that WEINER shall provide the Division a current Statement of  
19 Personal Financial Condition ("Statement") on a form to be provided by the Division every six months  
20 from the date of this Order. Should such Statement or any information obtained by the Division reveal a  
21 significant positive change in WEINER's financial condition, from that reflected in the Statement  
22 previously provided to the Division, the Division may seek modification or acceleration of payment terms  
23 contained in this Order. Failure to provide these Statements as prescribed shall be deemed a default under  
24 this Order, and all amounts shall be due and payable.

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that WEINER/RWA shall pay an  
26 administrative penalty in the amount of \$15,000, by cash or certified check payable to the Treasurer of the

1 State of Arizona for deposit into its general fund, due and payable upon any default of any restitution  
2 payment. The penalty amount shall be reduced to \$5,000, due and payable within 30 days of final  
3 restitution payment, if all restitution is paid. Interest of 10% shall begin to accrue upon entry of this  
4 Order on the full amount of penalty, interest to be reduced proportionately in accordance with the  
5 reduction of the penalty upon full payment of restitution.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately upon the date  
7 set forth below.

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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11   
12 COMMISSIONER-CHAIRMAN

11   
12 COMMISSIONER

11   
12 COMMISSIONER

13 IN WITNESS WHEREOF, I, JACK ROSE,  
14 Executive Secretary of the Arizona  
15 Corporation Commission, have hereunto set  
16 my hand and caused the official seal of the  
17 Commission to be affixed at the Capitol, in the  
18 City of Phoenix, this 19 day of June, 1998.

18   
19 JACK ROSE

20  
21 DISSENT  
22 (PTJ)  
23  
24  
25  
26

**CONSENT TO ENTRY OF ORDER BY THE CORPORATION COMMISSION**

Respondent RONALD H. WEINER ("WEINER"), individually and dba RON WEINER ASSOCIATES, acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses. WEINER waives all hearing procedures and rights to appeal provided by the Securities Act of Arizona (the "Act") with respect to the accompanying Order Denying Application for Securities Salesman Registration and for Other Relief ("the Order").

WEINER/RWA admits the jurisdiction of the Arizona Corporation Commission ("Commission") with respect to matters set forth in the Order and this Consent to Entry of the Order ("Consent").

WEINER neither admits nor denies the Findings of Fact and Conclusions of Law contained in the Order and consents to entry of the Order.

WEINER declares that, to the best of his knowledge, the amount of restitution set forth in the Order accurately represents all amounts paid to Respondents as mark-up, profits and fees as a result of their offer and sale of investments in Ron Weiner Associates oil and gas well investments within and from Arizona, with a setoff for the amount of commissions paid to Denise Brittain from investor funds.

WEINER declares that his entry into this Consent is a voluntary act and that he was not induced to enter into it by coercion nor by any promise by the Commission not expressly stated in the Order or this Consent.

WEINER consents not to apply for registration as a securities salesman or dealer under the Securities Act of Arizona or as an investment adviser or investment adviser representative under the Arizona Investment Management Act for ten years from the date of entry of this Order or until restitution and penalty are paid in full.

WEINER understands that this Consent does not preclude any other agency or officer of the State of Arizona or its subdivisions from initiating other civil or criminal proceedings against WEINER, now or in the future, that may be related to the matter addressed by the Order and this Consent. WEINER further understands that if another agency or officer of this or another state or the federal government or any foreign jurisdiction requests investigative or other information from the Commission relating to this

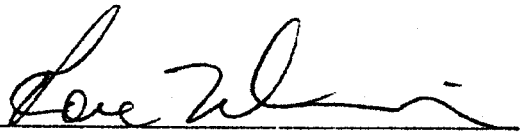


1 matter. the Commission shall cooperate fully with such requests.

2 WEINER understands that in the event restitution is not made or the administrative penalty is not  
3 paid in accordance with the Order and this Consent, WEINER will be deemed in default of his payment  
4 obligation under the Order and Consent, and all outstanding balances shall become immediately due and  
5 payable.

6 WEINER further understands that the Commission may proceed to enforce the Order and Consent  
7 in Superior Court pursuant to A.R.S. § 44-2036(C) and that default will render him liable to the  
8 Commission for its costs of collection and interest at the maximum legal rate.

9 WEINER acknowledges that the administrative penalty assessed by the Commission reflects a  
10 portion of the Division's costs in this matter.

11  
12   
13 RONALD H. WEINER, individually and  
14 dba RON WEINER ASSOCIATES

15 SUBSCRIBED AND SWORN TO this 5<sup>th</sup> day of June, 1998.

16  
17  
18  
19 My Commission Expires:

20 6/1/2000

